UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
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TO FARM JOURNAL EDITORS:

For your use the following information has been prepared.

DeWitt C. Wing Francis A. Flood

DeWitt C. Wing and Francis A. Flood,
Specialists in Information

BALANCE BETWEEN AGRICULTURAL PRODUCTION AND DEMAND

Agricultural adjustment is passing out of its emergency phase of straight crop reduction into its second phase, wherein the principal objective is to maintain a balance between production and effective market requirements, both domestic and export, said Chester C. Davis, Administrator of the Agricultural Adjustment Act, in addressing the annual meeting of the Iowa Farm Bureau Federation at the Iowa State Fair in Des Moines last week.

The transition to the second phase of the adjustment program has been hastened because this year the desired balance has been largely attained through the use of burdensome surpluses to offset the effects of the drought, Mr. Davis pointed out. He said:

"The farmers of America, partly because of their cooperative effort, partly because of the misfortunes of the drought, are passing out of the emergency stage of this program, the stage when emphasis necessarily was placed on curtailing production in order to eliminate unsaleable surpluses. I do not conceive that the Agricultural Adjustment Act was merely an implement to reduce the depressing surpluses and then stop. Certainly there would be no permanent value in such a program. As I read the Act, we have a plain mandate not only to establish a proper balance between production and consumption of agricultural commodities, but to maintain that balance. And although that balance is not yet established in most of our major crops and the drought has created some new maladjustments, we are already fashioning our future activity toward maintaining a level of production of farm products that will be ample for domestic requirements plus our probable export demands, that may be expected to return a fair price to the farmer."

In reporting on the trend of corn and hog prices, during the past season, Mr. Davis pointed out that the average price of hogs, on an at-the-farm basis, including the processing tax that is collectible from packers and that constitutes the price equivalent of the adjustment payments to contract signers, has risen from 45 percent of parity last September to 71 percent of parity in July this year. During this period, the index of prices of commodities that farmers buy rose from 116 percent to 122 percent of the pre-war level, but the average farm value of hogs, including the tax, rose from \$3.73 per hundredweight to \$6.22 per hundredweight in July.

Mr. Davis also pointed out that for the first seven months of 1934 the total cost of hogs to packers operating under Federal inspection, including the processing taxes collectible, was greater by about \$86,000,000 or over 34 percent than the total cost during the corresponding period a year earlier. The tonnage of slaughter was smaller by about 10 percent and the average total cost per hundredweight, including the tax, was 50 percent higher than for the first seven months of 1933.

Similar advances toward the parity level have been made in the case of corn. The average farm price of corn last October, before the Government's corn loan program swung into action, was 38.8 cents per bushel or 52 percent of parity. Since October, however, the price of corn has averaged higher each month, and in July this year stood at 76 percent of parity or 24 percent nearer parity than last fall. In his conclusion, Mr. Davis said:

"During the rest of 1934 and 1935, it will be up to farmers who are now marching in step in this great cooperative program to assist in developing a well-rounded general plan for the future. That plan and its results will be yours if you want it...In these days, farmers who are interested in the economic welfare of their families and their choldren's families will need to think clearly and soberly about these things, because farmers themselves, particularly farmers who have stepped out in this gigantic cooperative effort, will constantly be affected by its results.... No agricultural program will be adopted or long continued unless it is a farmers' program understood by them and carried forward by them."

In the course of a radio address on August 30, Mr. Davis said:

"Farmers now face a new day with new problems. Drought has hastened the adjustment. Wheat carryover next year will be down to normal. Cattle purchases will knock the top off the cattle cycle. The cotton market is in so much better shape that increased plantings may be possible next year. Tobacco stocks will be down close to normal. The hog grower is getting his business in order.

"But, at the same time, all the conditions for a new cycle of surpluses are present. Unless we can get back our foreign markets, a year, two, or three of normal or bumper crops can put the farmer right back where he was before, with prices at ruinous levels. What shall out future course be?

"The answer to that question rests with farmers.... The Agricultural Adjustment Act is based on the principle of cooperation among farmers on a voluntary, democratic basis. We have never launched any major program without the best census of farm opinion that time permitted. Last year we did not have 3,000,000 partners in production adjustment. Now there is less pressure for speed, and we have back of us the mass momentum of these millions of farmers whose opinions are of paramount importance.

"We want the cooperating farmers to register that opinion, after thorough discussion at the crossroads.... Like the old New England town meeting, farmers in their own county production control associations should express their own wishes, and play their own part in shaping future plans to their best collective as well as individual advantage.

"One of the first groups we have to consult are the producers participating in the present corn-hog program. Do they want a program next year? Or do they not? Will uniformity in supply and price of corn, and possibly other feed grains, accomplished through corn acreage control along the lines of this year's program and supplemented by loans on corn stored on the farm, be enough to hold livestock numbers level and enable the hog, the cattle, and dairy farmers to hold at fair levels the price advantages that will be theirs when present influences are fully felt? Or do farmers prefer further livestock control programs? These are some of the questions we want cooperating farmers to help decide.

"Since the hog adjustment program went into effect, hog numbers have been reduced by approximately 20,000,000 head. Cattle numbers also are being sharply reduced. This means a reduction in the outlet for the corn crop. We need to produce 350,000,000 bushels less to feed the remaining livestock. The normal tendency is to expand acreage following years of crop failure, and that tendency is further stimulated by high current corn prices. Without a control program, there would be strong pressure towards greatly increasing the corn acreage, despite the decreased need for corn. With too much corn and low corn prices, the livestock cycle would be stimulated anew, with its dangers of over-expansion, and we could be put right back into the rough ups and downs that have characterized livestock production in the past fifty years.

"To us, the prospect for the years immediately ahead seems to argue strongly for retaining control of feed production, and particularly corn production. But farmers are to be consulted, and it is the question of whether to move into a new program, or let matters take their course, that is to be put up to farmers soon.

"We are now working on a plan for an initial referendum on the 1935 corn program. This gathering of opinion will be unique in the history of agriculture in this or any other country. I know that farmers would like to see future programs unified and simplified just as far as practicable. So, too, would those of use who are entrusted with the immediate responsibility for administration of the Agricultural Adjustment Act.

"I believe that the farmers already have shown, in their sign-up of 3,000,000 contracts, that, given the chance, they can and will work together to solve their own problems in their own way. But they require the powers and agencies of government to make their collective action possible."

# # #

HOPE FOR EXTENDING WORLD WHEAT AGREEMENT

Secretary Wallace recently announced that there is "substantial hope" for an agreement in coming months to extend the existing international agreement to cover the production of wheat for 1935 and subsequent years.

The present agreement expires with the 1934 crop. Representatives of the major wheat-producing countries on the International Wheat Advisory Committee adjourned their meeting at London on August 23 without arriving at a final agreement as to how the export quotas for the current marketing season should be readjusted in view of the greatly changed supply and demand conditions. The meeting did, however, frame a tentative agreement providing for an extension of world action in balancing production to requirements for several years ahead, for consideration by the Governments involved. This proposed extension of the agreement will be considered at the next regular meeting of the committee, which will be held in Budapest on November 20.

In the meantime, the Adjustment Administration has announced that cooperating wheat growers have been authorized to increase wheat plantings for harvest in 1935, 5 percent over last year. They will be entitled to benefit payments on the same basis as last year while increasing their acreages. As a result, the output of wheat next year both of cooperating producers and those who did not sign adjustment contracts, given average yields and average acreage by non-cooperating producers, would be about 775,000,000 bushels. This would provide for the maintenance of a normal carryover next year and normal supplies for export even though increased quantities of wheat should be fed through the winter and spring.

Should an agreement be reached by the exporting and importing countries, either at the November meeting or later this winter, to continue restrictions of wheat acreage for next year's crop the United States would, of course, take whatever action would be necessary to comply with its commitments under the agreement.

The acreage which it is now planned to plant would provide 100,000,000 bushels for export and 25,000,000 bushels for livestock feed in addition to quantities usually fed chickens and other stock. At present, the world surplus of wheat is still large, and barriers to wheat imports in the principal consuming markets of Europe are still so high that this is about as much wheat as we could expect to sell abroad, even if European crops should be average or smaller. It is hoped, however, that the continuation of the wheat agreement next year will result in such continued

improvement in the world wheat situation as to enable us to export this quantity of wheat without undue depression on prices received.

In reviewing the effect of the International Wheat Agreement to date, it was emphasized that the wheat agreement in its year of operation has resulted in almost all the major wheat producing countries of the world cooperating, in greater or less degree, in the efforts toward readjustment of wheat production to wheat consumption which were begun by this country through the passage of the Agricultural Adjustment Act. The reports to date (which represents preliminary estimates in practically all cases) show a reduction in wheat acreages this year in the major exporting countries below the average acreage prior to the signing of the agreement of 15 percent for Australia, 10 percent for Canada, between 9 and 10 percent for the United States, and 6 percent for Argentina. At the same time, many of the European importing countries, including Italy, Germany and France, showed a slight, but significant, reduction in their wheat acreages following intensive educational campaigns in Italy, France, and to a lesser extent, Germany, and definite laws restricting wheat production in France.

This year showed the first significant reduction in world wheat acreage since the wheat surplus began to accumulate. The reductions in acreage were reinforced by the unfavorable weather conditions which caused an exceptionally short crop in North America and a moderate crop in most of the other countries. As a consequence, the world carryover of wheat, which on August 1, 1934, was still more than 500,000,000 bushels in excess of normal stocks for that date, will probably be reduced by the beginning of the next crop year to 200,000,000 bushels or less in excess of normal. The improvement in wheat prices on the Liverpool and other world markets during recent weeks has been a belated recognition of this improvement in the world supply and demand conditions.

# # #

NEW ENGLAND PRODUCERS GET HIGHER PRICES FOR MILK

Prices to producers for Class 1 milk of 3.7 percent butterfat content, f.o.b. distributors' plants, are increased by about 38 cents per 100 pounds under amendments to the licenses now in effect in the sales areas of Providence and Newport, R. I., and Fall River and New Bedford, Mass. The amendments, approved by Acting Secretary of Agriculture Rexford G. Tugwell, became effective September 1.

The amended licenses establish the Class 1 price at $3.40 per 100 pounds, or about 7.3 cents a quart. The former price was $3.02 per 100 pounds, or 6.5 cents a quart. Requests for the increases came from the Local Dairymen's Association of Newport and Providence, and producers' associations at New Bedford and Fall River, as well as from the New England Milk Producers' Association. Adverse pasture conditions, higher feed and other producing costs are among the chief reasons given for the requested increase.

Incidental to the advanced Class 1 price, the provision restricting new producers to accept Class 3 prices for probation periods has been temporarily removed from the license. Slight increases appear in Class 2 price schedules in the amendments made to Newport, Providence and Fall River licenses, but no change appears in the Class 2 schedule in the New Bedford license.

The amendment determines the Class 2 price in the same manner as does the Boston milk license. The Class 2 price for milk will be determined on the basis of 3.7 times the average price per pound of butterfat in cream of bottling quality f.o.b. Boston. The cream price in effect will be the official quotations by the Bureau of Agricultural Economics on 40-quart cans of 40 percent butterfat cream. Differentials on milk which tests above or below the 3.7 percent market standard will also be adjusted on the same cream basis.

All four amended licenses authorize the market administrator to establish a reserve fund in advance from the pool so as to facilitate prompt payments to producers and improve the administration of the pool. It would be used only to meet obligations to producers when distributors fail or delay in making prompt settlement in the adjustment fund, but it is not intended to meet the obligations of insolvent distributors.

A new provision for producers who distribute their own milk is added in the amended licenses. It provides for excluding from the equalization pool and computation of the blended price all sales by such producers up to the amount of their delivered bases, already established for them by the market administrator. If they make sales beyond their basis, such amounts must be accounted for to the pool at Class 3 prices, and if another distributor buys any of their bulk milk he is obliged to pay for it at Class 3 prices and render an account to the pool for the difference between Class 3 price and the higher prices at which the milk was sold.

Changes included in the amended licenses are deemed to be within the scope of the hearing on a marketing agreement for these areas, held in August, 1933.

# # #

DROUGHT CATTLE PURCHASES EXCEED 3½ MILLION

Farmers in 20 western drought-stricken states had received more than $32,000,000 up to August 25 for drought cattle purchased by the Agricultural Adjustment Administration and turned over to the Federal Surplus Relief Corporation for processing for relief distribution. The total of payments was $32,378,396 up to that date. Of this amount, $11,802,524 constituted benefit payments, and $20,575,872 constituted purchase payments. The purchases totaled 3,668,369 head. The benefit payments made were for approximately 2,393,000 head. The average amount paid per head was around $13.53.

Payments are sent out from four disbursing offices. The office in St. Paul is for payments in Minnesota, Montana, North and South Dakota, Wisconsin, Wyoming, and formerly for Texas; in Kansas City for payments in Colorado, Kansas, Nebraska, New Mexico, Oklahoma, Texas, Missouri; in San Francisco for payments in Arizona, California, Idaho, Nevada, Oregon, Utah; and the new office in Chicago for payments in Iowa only at present.

Purchases in and benefit payments by states to which they have been sent are as follows:

State	Purchase Payment	Benefit Payment
Arizona	$ 418,992	$ 254,241
California	133,295	69,537
Colorado	417,403	247,532
Idaho	41,941	29,745
Iowa	40,730	23,117
Kansas	591,409	317,623
Minnesota	1,747,491	910,337
Missouri	577,737	348,650
Montana	1,384,780	733,597
Nebraska	850,229	500,251
Nevada	80,072	41,512
New Mexico	912,305	622,095
North Dakota	3,272,638	1,759,847
Oklahoma	253,036	167,027
Oregon	9,698	5,025
South Dakota	4,578,234	2,393,594
Texas	3,938,128	2,638,597
Utah	364,411	225,717
Wisconsin	302,879	170,422
Wyoming	660,464	344,049

# # #

SHEEP-BUYING PROCEDURE ANNOUNCED

Procedure to be followed in the purchase of sheep and Angora goats in drought-stricken western states has been announced by the Agricultural Adjustment Administration. Establishment at Denver of headquarters of the sheep and goat buying program, with Harry Petrie, chief of the sheep and cattle section in charge, had been announced previously.

All animals purchased and all products of the animals will be used for relief purposes. They will be donated to the Federal Surplus Relief Corporation for processing and distribution.

In making the purchases, priority will be given to those areas which are in the most distressed condition because of the drought. Purchases will be made only from those producers who have not sufficient stocks of feed to maintain their full flocks. Such conditions must be due to the ravages of drought.

The producer who wishes to sell some of his animals must make application to the county drought director, and the animals offered, if conditions are complied with, will then be classified as fit or unfit for use.

Animals, to be classified as fit for use, must be in condition to trail to the designated shipping point and to stand shipment to the point of slaughter, and must carry sufficient flesh and be otherwise suitable for food or for other relief purposes.

# # #

COOPERATE TO INSURE FEED SUPPLIES IN DROUGHT AREAS

Plans for close cooperation between the Government and the livestock feed trade, to insure adequate feeds at equitable prices in the drought areas during the coming winter, have been announced by the Agricultural Adjustment Administration.

A general outline of the plan, details of which had been formulated by the Feed and Forage Committee, was issued after the project had been approved by the Livestock Feed Committee, which also submitted a report to the President and to the President's Drought Committee concerning the program.

It is the Government's intention to handle the problem through established commercial agencies. The plan provides for strict vigilance on the part of the trade itself to prevent profiteering, and unwarranted speculative price advances, and to assist in equalizing distribution. It is indicated that if the trade should be unable to prevent or curb these practices, the Government may take action.

Following conferences with nationally known leaders of the grain and feed trades, the Adjustment Administration plans to establish a clearing house for handling all information on the availability, sale and purchase of hay and other feeds.

The plan is based on cooperation between local feedstuff dealers, county agents directing drought activities, and county representatives of the Federal Emergency Relief Administration and the Farm Credit Administration. It provides that drought counties needing livestock feeds of any kind will first consolidate all requirements and then notify the clearing house of the nature and quantities of feeds required. At the same time, the clearing house will receive regularly from Government sources and from trade sources as well, complete information as to the feeds available, the quantities on hand, their location, and the best delivered price.

The plan is that the clearing house will supply the inquiring counties with information on their best source of supply, taking quantity, price and location into consideration; the counties will then send to the indicated market consolidated orders covering all county needs, and dealers in the indicated market will ship the order direct to the counties, consigned to local dealers.

In the counties, the distribution of the feeds will be handled through the local commercial dealers on a service charge basis. The commercial agencies, from manufacturer to dealer, will finance their own operations. The individual farmer-buyer may pay for feed with cash from his own pocket, he may borrow from the Farm Credit Administration, or he may get an order for feed from the local representative of the Federal Emergency Relief Administration, if his situation is such as to entitle him to relief.

The Livestock Feed Committee's report to the President indicated that in addition to the proposals to conserve and to equalize the distribution of feed supplies throughout the drought areas, it is interested in stimulating utilization of substitute feeds that may be used for livestock. Information on methods of conserving substitutes for customary feeds, and for making the best use of all such substitutes, is ready to be sent to county agents throughout the United States.

In outlining the feed and forage plan to the President, the Livestock Feed Committee said:

"The tremendous decrease in the national supply of roughage feed for livestock has necessitated the expansion of the livestock purchase program in the drought area to the point where purchases are limited only by the capacity of processing plants. It has become of first importance that the national supply of feed and forage should be so conserved and so distributed as to limit any further reductions in livestock numbers which are not absolutely necessary."

Government officials say that leaders of the hay and feed trade have pledged the trade's complete cooperation in the program to conserve and to distribute properly the available supplies of feed.

# # #

REFUSE TO EXTEND DROUGHT RELIEF FREIGHT RATES

Reduced emergency rates on livestock feed, water and cattle, to be shipped to grazing areas, will not be extended. The President's Drought Relief Committee has been advised to this effect by H. G. Taylor, chairman of the Association of Western Railway Executives. The President's committee on August 17 requested that the emergency reductions be extended. This request was considered at a meeting of the railroad executives in Chicago August 28. Following the meeting, the committee was notified that the request had been denied. The present reduced rates will expire with September 4.

Emergency freight tariffs providing reduced rates on hay, coarse grains, livestock feeds and livestock were issued June 2, effective June 4. These reductions were extended each month, the last extension being made on August 4. The reduced rates applying in the western territory provided a 50 percent reduction on hay, 33 1/3 percent reduction on grains

and mixed feeds and 50 percent on water. The reductions also included 85 percent of the rate on outbound cattle to other grazing areas and 15 percent of the regular rate on the return movement.

The President's drought committee is composed of Secretary of Agriculture Henry A. Wallace, Chester C. Davis, administrator of the Agricultural Adjustment Act, Harry Hopkins, administrator of the Federal Emergency Relief Administration, and William I. Myers, Governor of the Farm Credit Administration.

# # #

BURLEY TOBACCO PROCESSING TAX HEARING

The Adjustment Administration has announced that a hearing on the processing tax on Burley tobacco used in the manufacture of plug chewing tobacco and twist will be held in the Internal Revenue Building, Washington, D. C., September 5. The notice of hearing, signed August 29 by Acting Secretary of Agriculture Rexford G. Tugwell, said that the Secretary had "reason to believe that the processing tax at such rate as equals the difference between the current average farm price and the fair exchange value on the processing of Burley tobacco used in the manufacture of plug chewing and twist will cause such reduction in the quantity of plug chewing tobacco and twist, domestically consumed, manufactured from Burley tobacco, as to result in the accumulation of surplus stocks thereof."

If it is found that such results will occur, the notice said, "then the processing tax on Burley tobacco used in the manufacture of plug chewing tobacco and twist will be at such rate as will prevent accumulation of surplus stocks thereof."

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SUGAR BEET ADJUSTMENT CONTRACTS IN PREPARATION

The adjustment contract for sugar beet producers is being drafted in the sugar section of the Adjustment Administration. It will soon be offered to growers, says John E. Dalton, chief of the section.

The sugar beet program, seeking to adjust domestic sugar production from beets to the 1,550,000 short tons allocated in the Costigan-Jones Act, will cover production in 1935 and 1936, and will pay producers adjustment payments in order to bring their income to parity.

Acreage for 1935 and 1936 will be reduced slightly under that of last year, which was the highest in the history of the industry. It is estimated that adjustment payments to producers on the 1934 crop will be more than $10,000,000, of which the first installment is expected to reach growers before the end of 1934.

Field workers of the sugar section and producers and processors are cooperating in drafting the contracts. General outlines of the contract and the program were recently discussed in Chicago at a meeting of producers and processors. Mr. Dalton and J. A. Dickey, in charge of production adjustment programs in the section, met with these groups to consider certain problems arising in the development of the program. Practically all beet sugar processors were represented at the meeting.

The sugar beet contract will give each grower several options for determining his base production, Mr. Dickey said. Although all details have not yet been worked out, the contract will seek to let each grower use his normal experience as a basis for establishing his allotment.

Field workers of the sugar section and others who will take an active part in the sign-up campaign among growers are in Washington. These include D. R. Pulliam, Loveland, Colo.; M. A. Klein, Carmel, Calif.; and C. D. Oviatt, East Lansing, Mich., all field representatives of the sugar section; H. H. Simpson of the Colorado Extension Service and J. Earl Coke of the California Extension Service.

# # #

COMPILING LOUISIANA FARM SUGAR ALLOTMENTS

Factory records, showing how much sugarcane Louisiana farmers delivered to sugar mills in the last five years, have been sent to county agents in Louisiana for use in establishment allotments for producers under the sugar program of the Agricultural Administration.

"These records, furnished by the sugar mills, will be used as a basis for building up a record of production performance for each individual farmer," said J. A. Dickey, in charge of the adjustment program. "They do not constitute the only basis for determining producers' allotments, but they are the starting point. Before a production record is established for any grower, he will be given full oppotunity to check it with his own evidence."

The Louisiana program, which seeks to maintain sugar production in that state at approximately 215,000 tons annually, contemplates benefit payments to producers on their 1934, 1935 and 1936 crops. Benefits for the 1934 crop are estimated at more than $4,000,000. It is planned to pay more than $3,000,000 of this sum this year after producers' contracts are signed and approved.

The work of compiling producers' records is under way in Louisiana in the 23 counties in which sugar is produced on a substantial scale. The work is under the general direction of Director J. A. Bateman and M. J. Voorhies of the Louisiana State Extension Service, and will be done by temporary local community committees of three farmers each, selected by county agricultural agents. Meetings will be held at which each producer will be given an opportunity to appear and take part in the compiling of his record.

"The sugar program differs from other adjustment programs which have been inaugurated in that practically complete mill records are available for each producer," says John E. Dalton, chief of the sugar section.

# # #

PEANUT MILLERS NOT AGREED ON MARKETING AGREEMENT

Millers and shellers of peanuts advised the Adjustment Administration at a conference August 30 that they do not desire to enter into a marketing agreement for the current crop. This means in effect that the rate of a processing tax to be levied, in order to pay rental and benefit payments to growers, may be higher than if a marketing agreement were consumated. The rate and scope of the processing were considered at a public hearing August 31 in Washington, D. C.

Millers and shellers operated under a marketing agreement last season, This agreement still is in effect, but petitions to terminate it are pending with the Secretary of Agriculture. Some signers of the agreement contended that its minimum price provisions were too high and that there were "loopholes" in the agreement that made its operation unfair on some members of the industry.

J. B. Hutson, chief of the tobacco section of the Adjustment Administration, who has been designated to work out the peanut adjustment program, told members of the industry that the proposed marketing agreement was designed as an aid to millers and shellers, as its minimum price provisions would permit the levying of a smaller processing tax to make up the difference in the price paid to producers and the fair exchange value.

"The millers have more at stake in the marketing agreement than do the growers," Mr. Hutson said, "If the industry doesn't want the marketing agreement, we will handle the adjustment program entirely through payments available from processing taxes."

It was brought out at the conference that the maximum processing tax that would be levied is 2.7 cents a pound, which is the difference between the parity price of 5.6 cents a pound and the 2.9 cents a pound average price paid farmers for peanuts during the last marketing season.

# # #

RULING PERMITS HARVESTING RICE ACREAGE OVER ALLOTMENTS

Rice growers cooperating in the adjustment program for the southern rice industry of Louisiana, Arkansas, Texas and Tennessee will this year be permitted to harvest acreage exceeding individual allotments, under conditions of an administrative ruling which has been signed by Secretary Wallace.

The new ruling No. 17, which follows No. 15 of July 23 allowing growers a lee-way of 5 percent in plantings above individual allotments, has been made so that all planted rice may be harvested this year to assist in meeting the feed grain and fodder shortage. Under the earlier ruling, growers might harvest as much as 105 percent of the acreage allotted to them, without being considered non-compliant to the program; they may now harvest all of their planted acreage. Growers will receive full adjustment payments on the allotment assigned them, unless the individual's acreage should exceed 105 percent of the allotment. In cases where the excess is above the allotment and the 5 percent allowance, 1 percent will be deducted from the amount of the adjustment payments for every 1 percent of such excess.

The southern rice industry as a whole has brought about the adjustment sought under the program. The Bureau of Crop Estimates places the total acreage at 632,000 acres, while the total allotments to states amounts to 638,500 acres. However, many growers planted on the basis of their own calculations as to allotted acreage before individual allotments had been received from the state committees. This resulted in acreage above official individual allotments in some cases. It is felt by officials that since the definite object of the program has been accomplished for the industry as a whole, and in view of the national drought situation, it is desirable that all rice acreage, including excess, should be harvested. The allowance is regarded as a temporary device to meet current conditions.

Officials emphasize the fact that compliance with the terms of the intentions-to-plant statements would be carefully checked by the state committees before adjustment payments from the trust fund set up under the marketing agreement for the southern rice industry are made to growers participating in the plan. Compliance will be determined as under the new conditions set up by the rulings.

# # #

HEARING ON MICHIGAN GRAPE AGREEMENT AND LICENSE

A public hearing on a proposed marketing agreement and license for grapes grown in Kalamazoo, Berrien and Van Buren counties in Michigan will be held at Benton Harbor, Mich., September 7, the Adjustment Administration has announced. The proposed agreement contains provisions for prorating shipments to be based on the total quantity of grapes available and the quantities that it is advisable to ship, such prorating to be done through a system of certificates. It also provides for a control committee of eleven members to be comprised of shippers and growers from the three counties named.

# # #

CALIFORNIA WALNUT AGREEMENT AMENDED

Amendments to the marketing agreement and an amended license for packers of walnuts grown in California became effective August 27, after approval by Secretary Wallace.

The principles of the marketing agreement for walnuts, which became effective October 11, 1933, are not changed by the amendments which include provisions designed to extend the minimum price and surplus control provisions of the marketing agreement and license to all merchantable walnuts, including "orchard run", whether sold in the current of interstate or foreign commerce, or in intrastate channels which in any manner burdens such interstate or foreign commerce.

Other amendments relate to definitions of merchantable walnuts and to provisions governing specifications for special packs. Changes are made in provisions relating to methods of delivery, credit, release of surplus walnuts and conditions under which the surplus may be sold. Certain provisions of the marketing agreement and license are clarified. These relate to incorporating the control board and extending the use of allocation certificates to cover all merchantable walnuts.

# # #

TO INVESTIGATE LABOR CONDITIONS IN OHIO ONION AREA

Secretary of Agriculture Henry A. Wallace, Secretary of Labor Francis Perkins and the Federal Emergency Relief Administrator Harry Hopkins have announced the formation of a committee with representatives from the three departments to take immediate steps for the investigation of labor conditions in the onion fields in Hardin County, Ohio, and for the preparation of a factual report on such conditions.

The representatives of the departments on the committee are Mels Anderson of the Federal Emergency Relief Administration; Miss Ruth Scandrett of the Department of Labor, and Lee Pressman of the Agricultural Adjustment Administration.

# # #

CREDIT UNIONS ARE COOPERATIVE INSTITUTIONS

Credit unions are cooperative thirft and lending institutions. They may be formed by seven or more persons who, by complying with the law and regulations issued thereunder, may receive a Federal charter from the Farm Credit Administration.

The chief objectives of credit unions are the encouragement of thrift and the lending of money to their members for provident or productive purposes. Members accumulate some of their savings with credit unions by purchasing shares of their capital stock. Each share has a par value of $5. These purchases provide the funds used by credit unions in making loans. The Farm Credit Administration is named in the act to charter and supervise credit unions, but it does not supply either capital or loanable funds to these organizations.

Membership is limited to groups having a common bond of occupation or association, or living within well-defined communities. While a minimum of seven persons may organize a credit union, it is advisable that when such organizations are formed, they have a potential membership of at least 50.

It is suggested that groups contemplating the organization of credit unions designate one of their number to contact Farm Credit Administration officials. This will facilitate organization. Application may be made for charters in blank and proposed by-laws to accompany these charters by writing to the headquarters office of the Farm Credit Administration serving the district in which proposed credit unions are to be established. These forms are soon to be ready. Charter and by-law forms will also be sent upon request from the Farm Credit Administration in Washington. There are 12 Farm Credit Administration districts.

"The law was enacted to permit people of small means to borrow money from their fellow-workers, associates, or neighbors, through credit unions formed for the purpose, and to encourage them to save," Governor Myers explained. "One objective, of course, is to provide sources of credit at lower interest rates than have been generally available. Credit unions may charge an interest rate not exceeding 1 percent on the monthly, unpaid balance of the loan outstanding. This interest shall include all fees incident to making the loan. These provisions will tend to eliminate the usurious costs heretofore frequently charged for such loans.

"In enacting this law, it was not sought to permit the formation of a new kind of banking institution operating for a profit. Federal credit unions may lend only to their members, who have purchased shares of capital stock of the credit union from which they have applied for a loan. Only natural persons may incorporate credit unions. All profits after provision has been made for losses and reserves are paid to the member-stockholders, whose number include, of course, the borrowers."

Loans may be made in amounts not exceeding $50 on the security of the borrower's note, but loans in excess of this amount must be adequately and fully secured with collateral. The maximum loan which may be made to any individual is $200 or 10 percent of the credit union's paid-in and unimpaired capital, whichever is the greater.

Mr. Orchard obtained a leave of absence from his position as personnel director in Omaha for Armour & Co., in order to assist in the credit union work of the Farm Credit Administration. He has been a personnel worker since 1908, and has been active in promoting the credit union movement for five years. He has helped organize credit unions in 30 states and the District of Columbia, under existing state laws and the District of Columbia Credit Unions' Act.

Mr. Orchard also helped establish the first credit union in the meat packing industry, in 1930. There are now 97 credit unions among the employees of the company with which he has been associated, and there are credit unions also among employees in almost the entire meat packing industry.

The territory and head offices of each of the twelve Farm Credit Administration districts follows:

SPRINGFIELD, MASS.--Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

BALTIMORE, MD.--Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia.

COLUMBIA, S. C.--Florida, Georgia, North Carolina, and South Carolina.

LOUISVILLE, KY.--Indiana, Kentucky, Ohio, and Tennessee.

NEW ORLEANS, LA.--Alabama, Louisiana, and Mississippi.

ST. LOUIS, MO.--Arkansas, Illinois, and Missouri.

ST. PAUL, MINN.--Michigan, Minnesota, North Dakota, and Wisconsin.

OMAHA, NEB.--Iowa, Nebraska, South Dakota, and Wyoming.

WICHITA, KANS.--Colorado, Kansas, New Mexico, and Oklahoma.

HOUSTON, TEX.--Texas.

BERKELEY, CALIF.--Arizona, California, Nevada, and Utah.

SPOKANE, WASH.--Idaho, Montana, Oregon, and Washington.

Claude R. Orchard of Omaha has been appointed Assistant Director of the Credit Union section of the Farm Credit Administration, Governor W. I. Myers has announced.. He will assist Herbert Emmerich, administrative assistant of the Farm Credit Administration, in chartering and supervising Federal c redit unions organized under the Federal Credit Union Act, passed at the last session of Congress. Mr. Emmerich has been made acting director of the section.

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